

# Oilsands Quest 2010 Annual General Meeting

## AGENDA

- Introductions of directors and officers by Chairman
- Formal AGM business
  - Election of three Class C directors
  - Appointment of auditors
  - Voting on proposals and tabulation of results
  - Formal meeting adjournment
- Presentation by Chief Executive Officer
- Discussion session

# Oilsands Quest Directors and Officers

## Board of Directors

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### **Ronald Blakely**

#### **Chairman of the Board**

Retired after 38 years in downstream & financial roles with Shell, including being the CFO of Shell Canada until 2000

### **T. Murray Wilson**

#### **Executive Deputy Chairman**

25-year investment banking career, following oil and gas engineering career

### **Paul Ching**

Retired from executive technical, reservoir and R&D roles with Shell after 34 years of service

### **Christopher Hopkins**

Founder of Synenco, Oilsands Quest and Canshale

**Brian MacNeill – see below**

### **Ronald Phillips**

Hedge fund manager with experience in corporate governance, mergers & acquisitions, and financings

### **John Read**

Former CEO of Colt Engineering, with extensive in situ EPC project management experience

### **Gordon Tallman**

Retired from RBC following 40-year banking career; director of multiple organizations

### **Senator Pamela Wallin**

Senator for Saskatchewan, former Canadian diplomat, former award-winning journalist

## Senior Management

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### **Brian MacNeill**

Acting CEO

Director of Suncor, former Chairman of Petro-Canada, and former CEO of Enbridge; experienced corporate director

### **Garth Wong**

Chief Financial Officer

Over 20 years in senior financial roles with energy companies including TransAlta and Norcen

### **Leigh Peters**

Vice-President, Legal

Commercial and energy lawyer formerly with Blake, Cassels & Graydon LLP, and Macleod Dixon, LLP



# Oilsands Quest Inc.

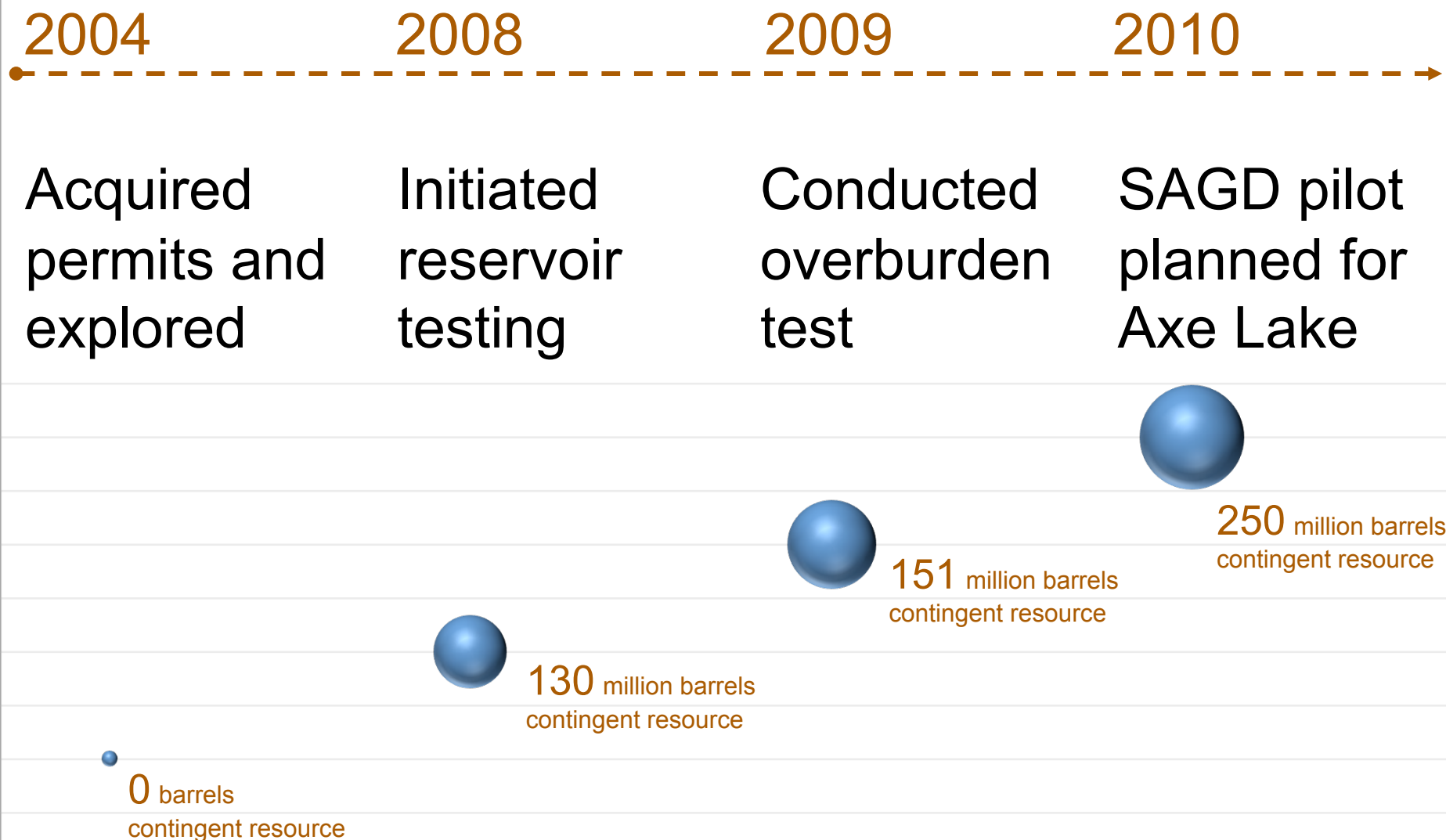
Annual General Meeting  
October 7, 2010



# Forward-Looking Information

Except for statements of historical fact relating to Oilsands Quest Inc., this presentation contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "conceptual", "potential", "prospective", and other similar words, or statements that certain events or conditions "may", "will", or "could" occur. Forward-looking statements such as references to Oilsands Quest's resource estimates, exploration, SAGD testing, technical and development plans and programs and future discoveries are based on the opinions and estimates of management and Oilsands Quest's independent evaluators at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, exploration and technical risks inherent in the oil sands industry, regulatory and economic risks, lack of infrastructure in the region in which the company's resources are located, delays or changes in plans with respect to the uncertainty of securing financing to proceed with the continued advancement of Oilsands Quest's testing and exploration programs and risks associated with Oilsands Quest's ability to implement its business plan. There are uncertainties inherent in forward-looking information, including factors beyond Oilsands Quest's control, and no assurance can be given that the programs will be completed on time, on budget or at all. In addition, the current financial crisis has resulted in severe economic uncertainty and resulting illiquidity in credit and capital markets which increases the risk that actual results will vary from forward looking expectations and these variations may be material. Oilsands Quest undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change, except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. The risks and uncertainties set forth above are not exhaustive. Readers should refer to Oilsands Quest's current annual report on Form 10-K, which was filed on July 13, 2010 for fiscal year ended April 30, 2010, and other document filings, which are available at [www.sedar.com](http://www.sedar.com) and at [www.sec.gov](http://www.sec.gov) for a detailed discussion of these risks and uncertainties and details regarding the location and extent of Oilsands Quest's land holdings.

# Transitioning from Exploration to Development



See notes on resource classifications on slide 11 and in Bitumen Resource Estimate Update, issued July 7, 2010. There is no certainty that it will be economically viable to produce any of the resource.

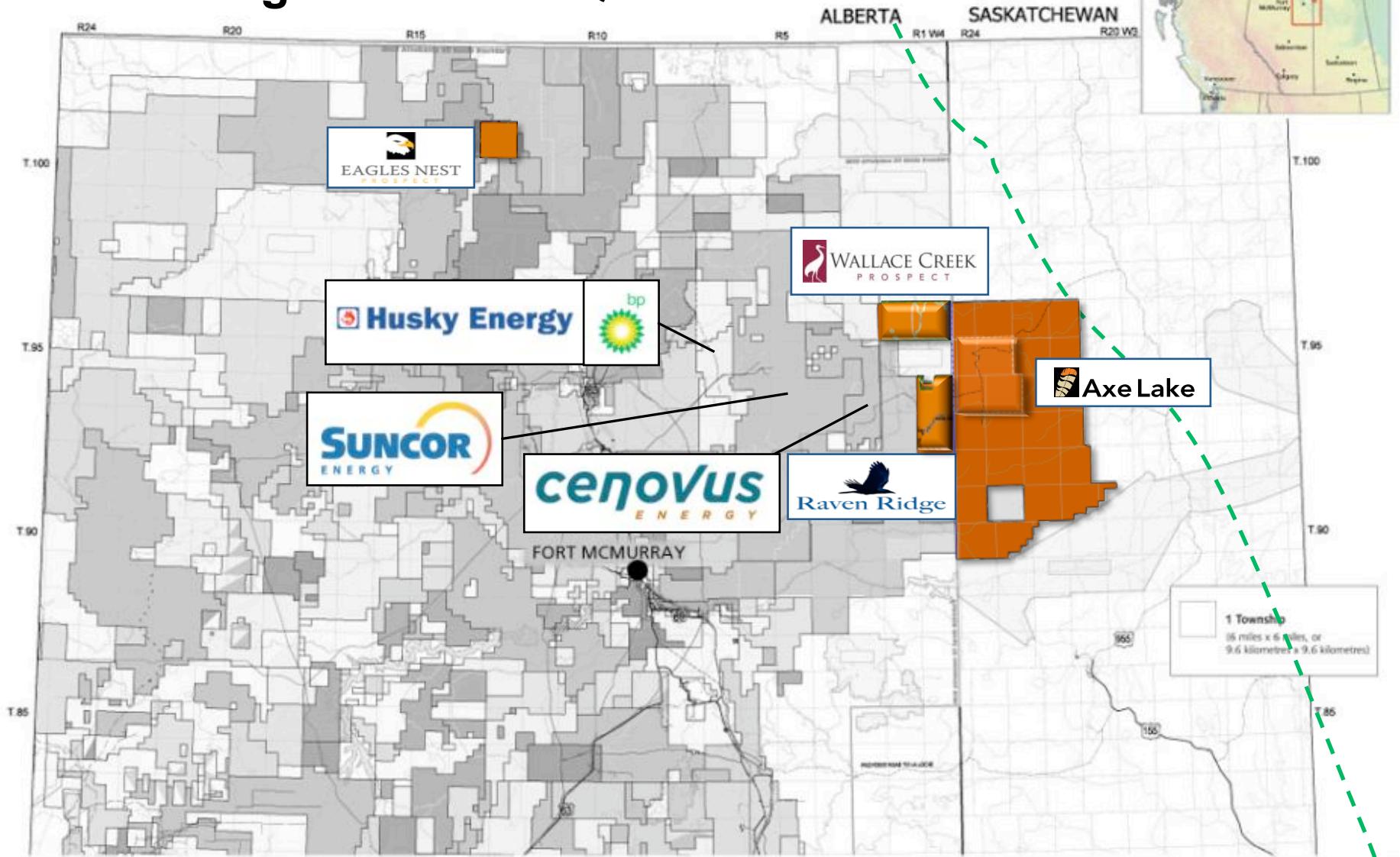
## Strategic Alternatives Review


- Announced review Aug. 17, 2010
  - Hired TD Securities as financial advisors
- Solid assets and plan, but insufficient capital
- Weak market valuation
- Special Committee driving the process
- Open to all alternatives
- Process well underway

## Current operational priorities

- Focus on core assets
- Core hole re-abandonment
- Finalized planning for the SAGD pilot

# A Narrowing Focus on OQI's Best Assets



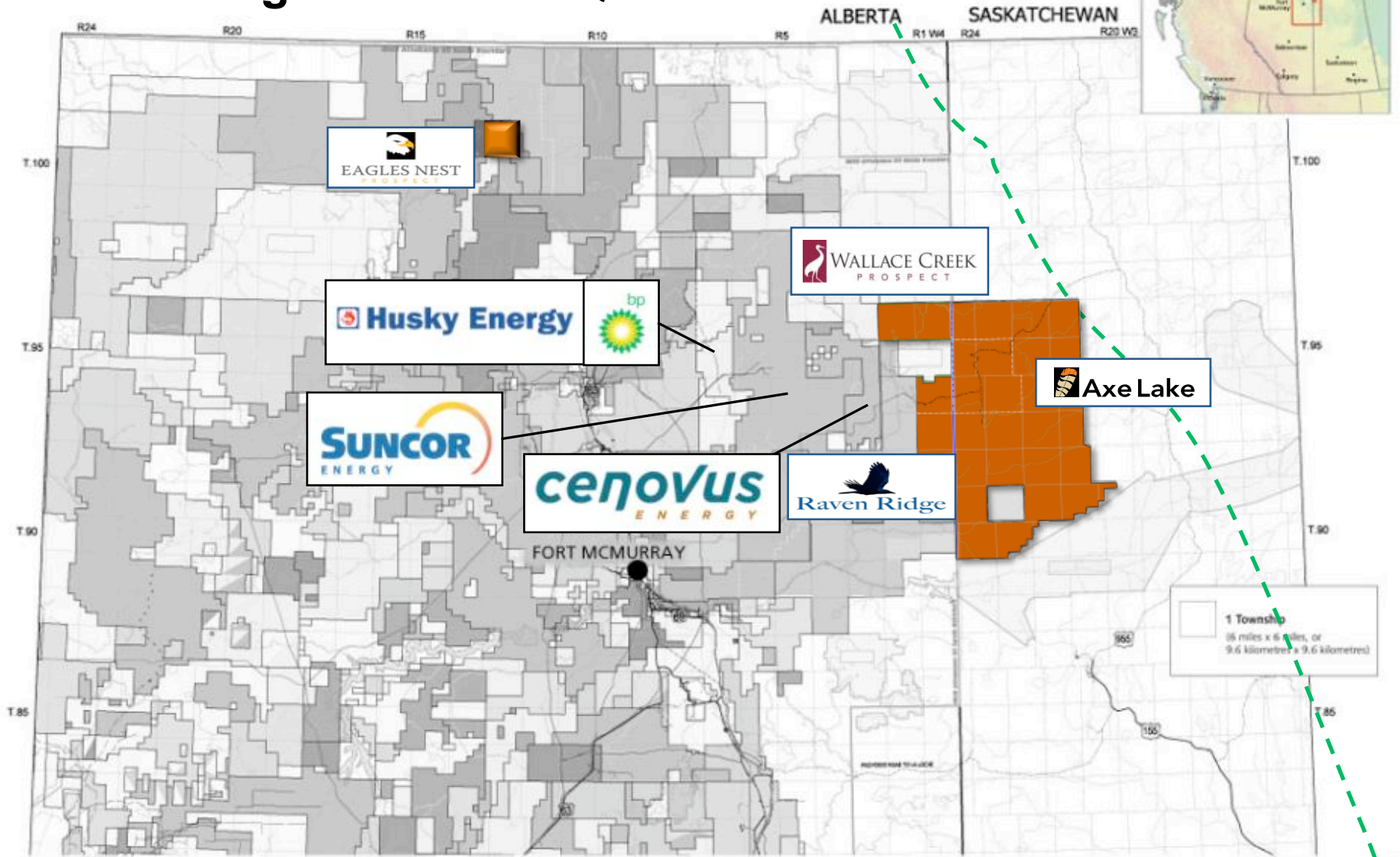
 Oilsands Quest


Source: Divestco Geomatics

NYSE Amex: BQI

Map version June 24 2010

# A Narrowing Focus on OQI's Best Assets



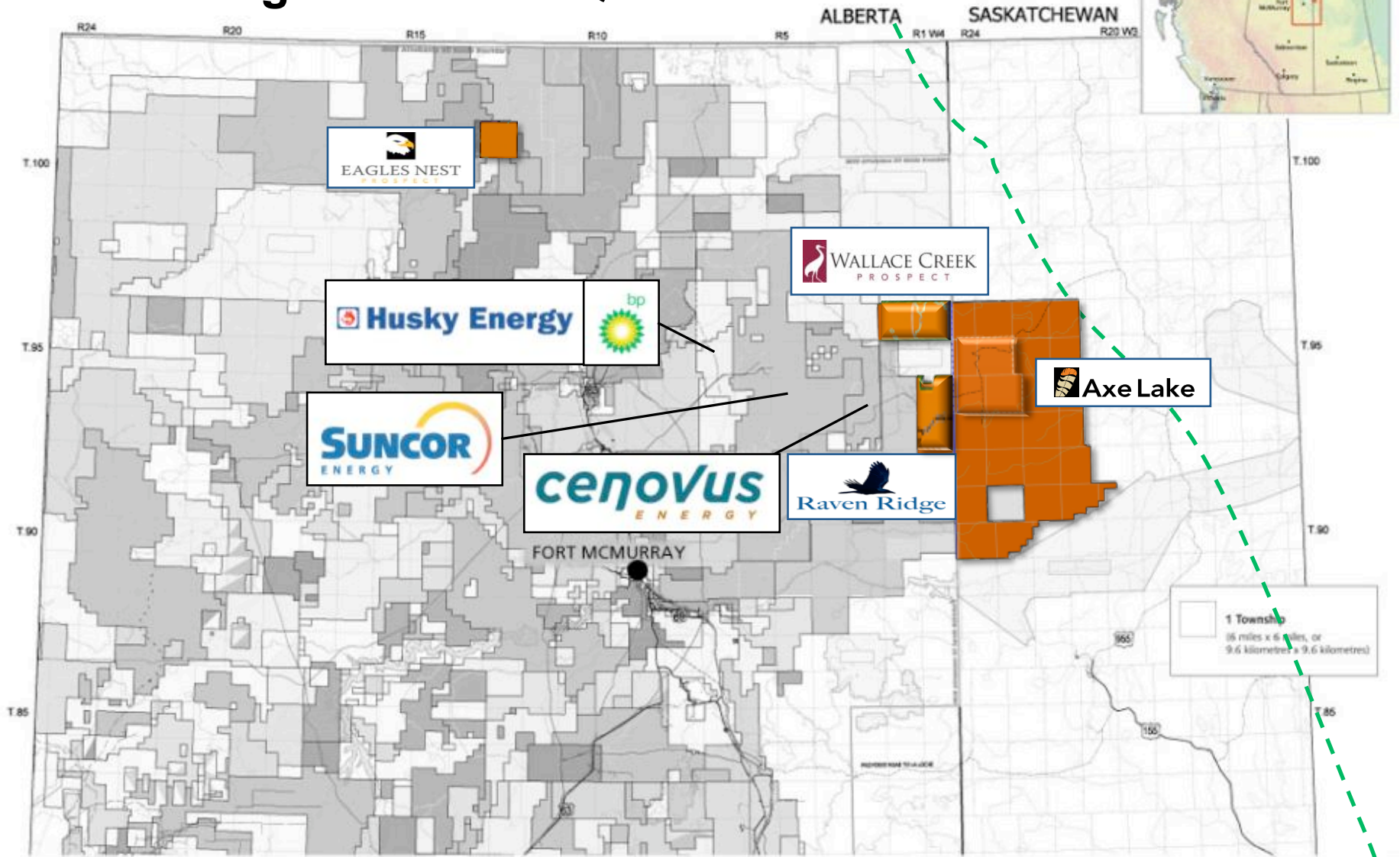
 Oilsands Quest


Source: Divestco Geomatics

NYSE Amex: BQI

Map version June 24 2010

# A Narrowing Focus on OQI's Best Assets



 Oilsands Quest

Source: Divestco Geomatics

NYSE Amex: BQI

Map version June 24 2010



## Oil Sands Resource Estimates (McDaniel & Associates, April 30, 2010)<sup>(4)\*</sup>

Millions of Barrels	Low	Best	High
<b>Discovered Resources<sup>(2)</sup></b>	2,406	3,180	3,941
<b>Contingent Resources<sup>(1)(3)</sup></b>	57	250	937
<b>Undiscovered Resources<sup>(2)</sup></b>	867	1,725	3,577
<b>Prospective Resources<sup>(2)</sup></b>	81	430	1,408

(1) Excludes estimates of sub-economic contingent resources reported by McDaniel.

(2) The discovered resource and undiscovered resource numbers are not estimates of the recoverable volume of bitumen. A portion of the discovered resources tabulated herein have been further categorized as contingent resources in the McDaniel evaluation. In addition, a portion of the undiscovered resources tabulated herein have been further categorized as prospective resources in the McDaniel evaluation. The portion of the discovered resources and undiscovered resources that have not been classified respectively as contingent resources or prospective resources would be categorized under COGEH as unrecoverable at this time, pending further testing and recovery process development. There is no certainty that it will be commercially viable to produce any portion of the discovered resources. There is no certainty that any portion of the undiscovered resources will be discovered and, if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

(3) The low estimate contingent resources for Axe Lake and Raven Ridge and a portion of the low estimate contingent resources at Wallace Creek have been sub-classified as sub-economic under McDaniel's current price forecast and cost assumptions. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. The recoverable volumes estimated by McDaniel have been classified as contingent resources as opposed to reserves because not all of the conditions for commerciality have been met including corporate and regulatory approvals for development. The estimates of contingent resources have been prepared assuming the use of SAGD as the recovery process.

(4) The table sets out OQI's discovered resource estimates for Axe Lake, Raven Ridge, and Wallace Creek; economic contingent resource estimates for Axe Lake, Raven Ridge and Wallace Creek; undiscovered resource estimates for Raven Ridge and Wallace Creek; and prospective resource estimates for Raven Ridge and Wallace Creek.

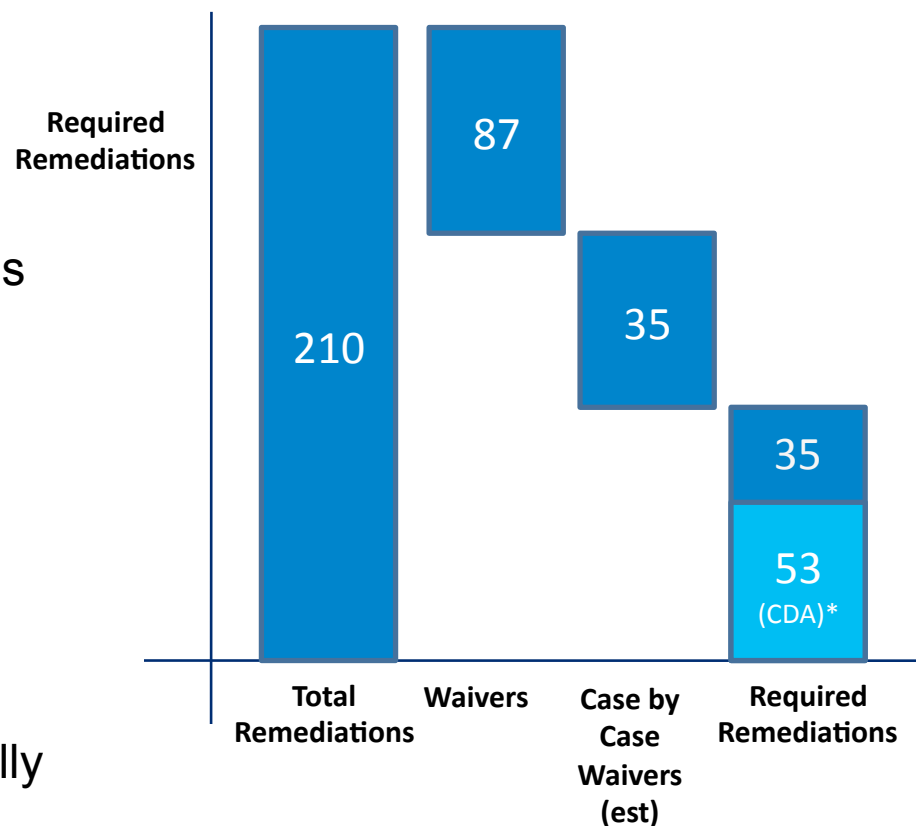
\* See Bitumen Resource Estimate Update, issued July 7, 2010, for cautionary note to U.S. investors, definitions and resource classifications and background information relating to the resource estimates.

## Axe Lake – Vertical Corehole Re-abandonments

At Axe Lake, early exploration coreholes were not abandoned to the standard required for *in situ* thermal operations.

Minister's Order:

- Abandonment over 5 years (2010 – 2015)
- Will consider waivers on wells outside producing zone on a well-by-well basis
- Estimated cost to re-abandon: \$250k /well
  - Cost per year: \$4.5 MM
  - Total Cost: \$~ 22.5MM
- As of Oct 5, 2010
  - 14 wells re-abandoned successfully
  - Plan to re-abandon an additional five wells this year

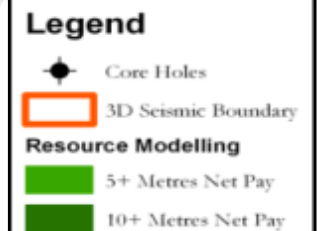
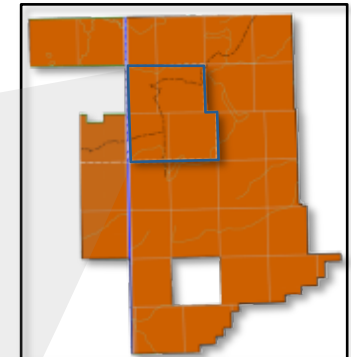


\* CDA = Commercial Development Area



# Axe Lake

- 80,000 acres
- 368 core holes drilled
- 11 test wells drilled
- 800 miles of 3D & 2D seismic
- 4.1 wells per section



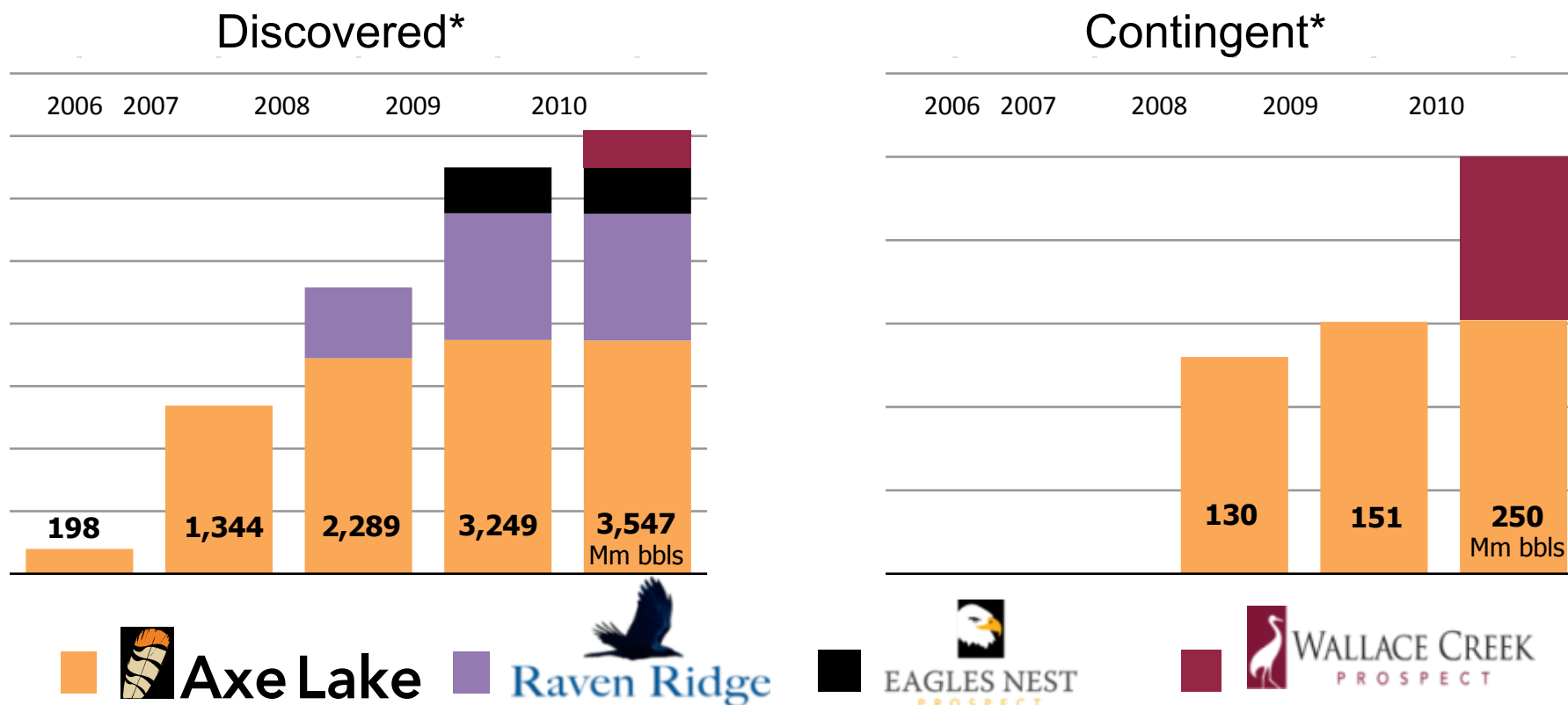
## Oil Sands Resource Estimates (McDaniel & Associates, April 30, 2010)\*

Millions of Barrels	Low	Best	High
<b>Discovered Resources<sup>(2)</sup></b>	1,398	1,865	2,331
<b>Economic Contingent Resources<sup>(1)(3)</sup></b>	n/a	152	474

\* See notes on slide 11 and slides at end of presentation for cautionary note to U.S. investors, definitions and resource classifications and background information relating to the resource estimates.

# Successful Exploration: Establishing the Size of the Resource

Best Estimates of Petroleum Initially in Place by Project Area (McDaniel & Associates, April 30, 2010)\*



## Moving from exploration to development:

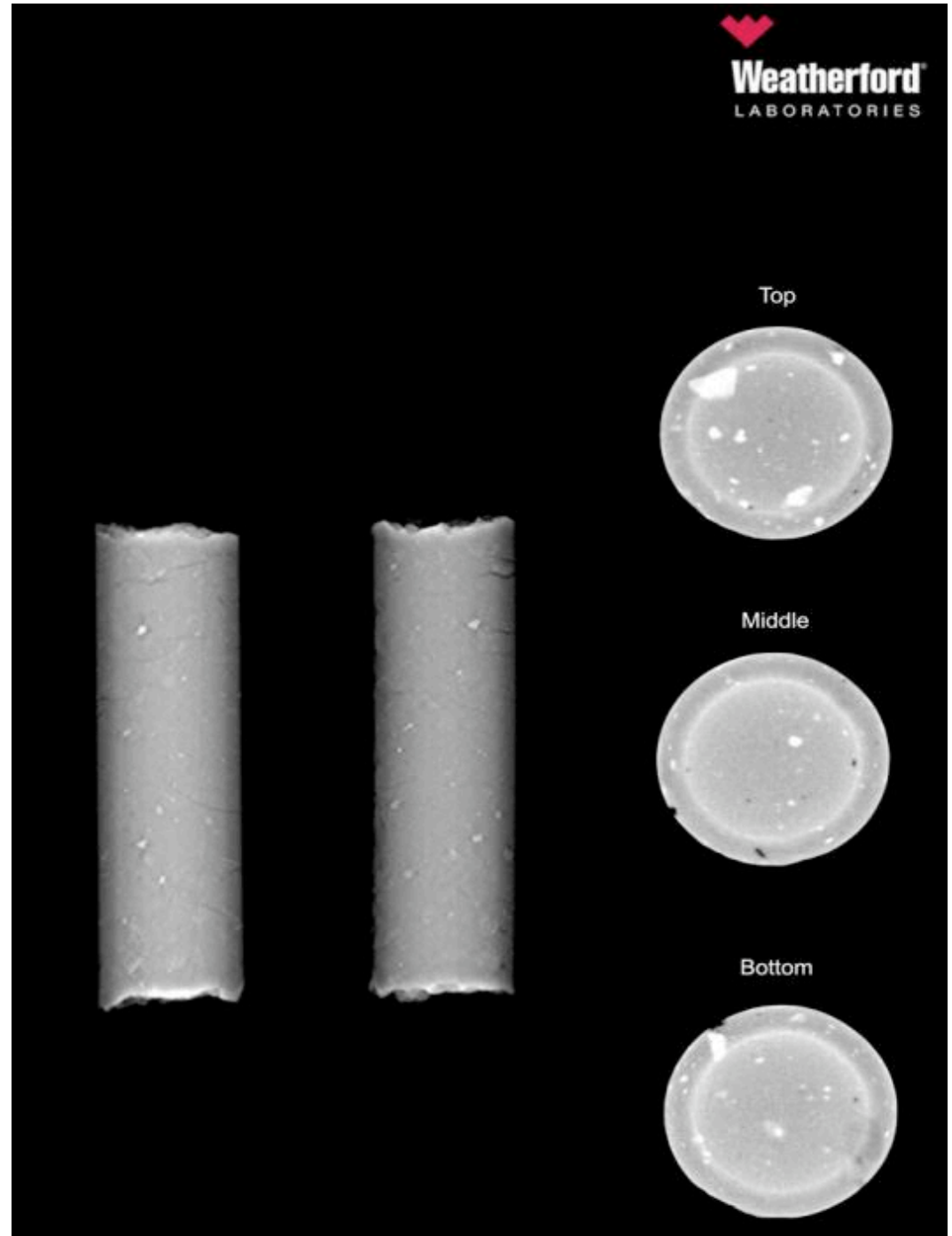
Objective is to advance barrels to contingent resources by proving recoverability, and ultimately to reserves by sanctioning a commercial project



See notes on resource classifications on slide 10 and in Bitumen Resource Estimate Update, issued July 7, 2010. There is no certainty that it will be economically viable to produce any of the resource.

## Glacial Till Cap

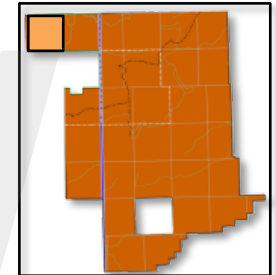
- Overburden core samples tested by Weatherford Laboratories
- Overburden testing program now complete
- Very encouraging results
- Glacial till cap has very low permeability
- Overburden can contain steam for SAGD production



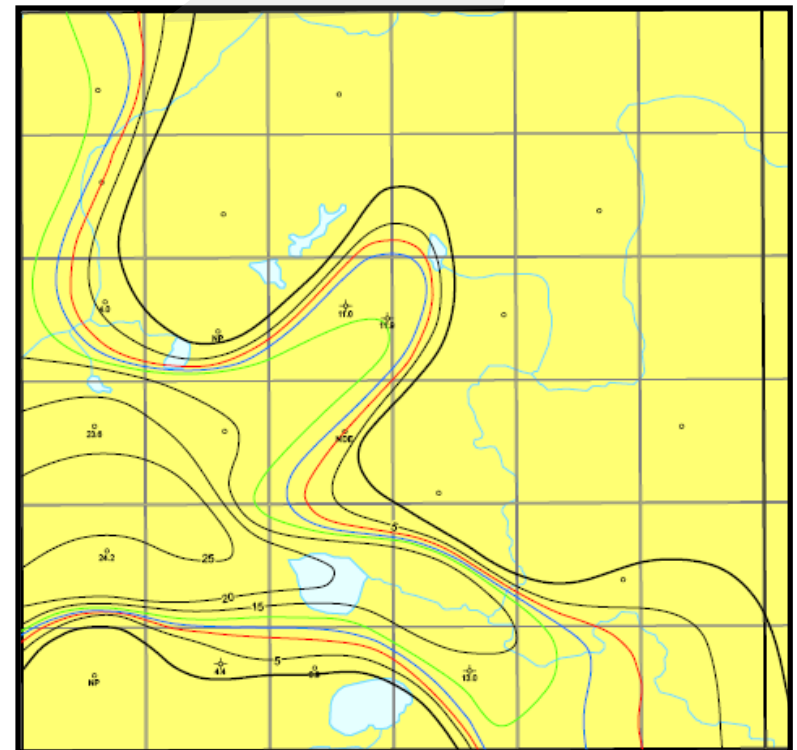
## SAGD Pilot: Existing Facilities and Steam Boiler



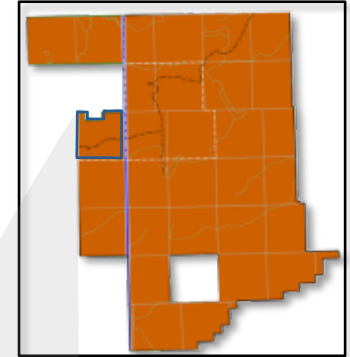
# Wallace Creek – Asset Summary



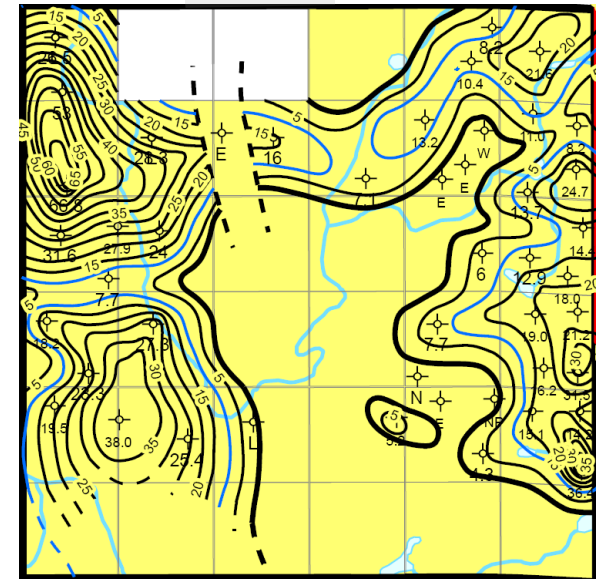
- Permit
  - 45,546 acres (18,432 ha)
  - Purchase Date: January 23, 2008
  - Purchase Price: \$10 MM
  - Expires: January 24, 2013
- Activity
  - 9 core holes drilled by OQI
  - 5 Legacy holes (1974) assessed
  - 33 miles of 2D seismic
- Resource
  - Early stage exploration
  - Thick continuous pay (up to 25m)
  - Shale cap in some areas, glacial till in others
  - No top or bottom water
  - High quality, SAGD prospective reservoir



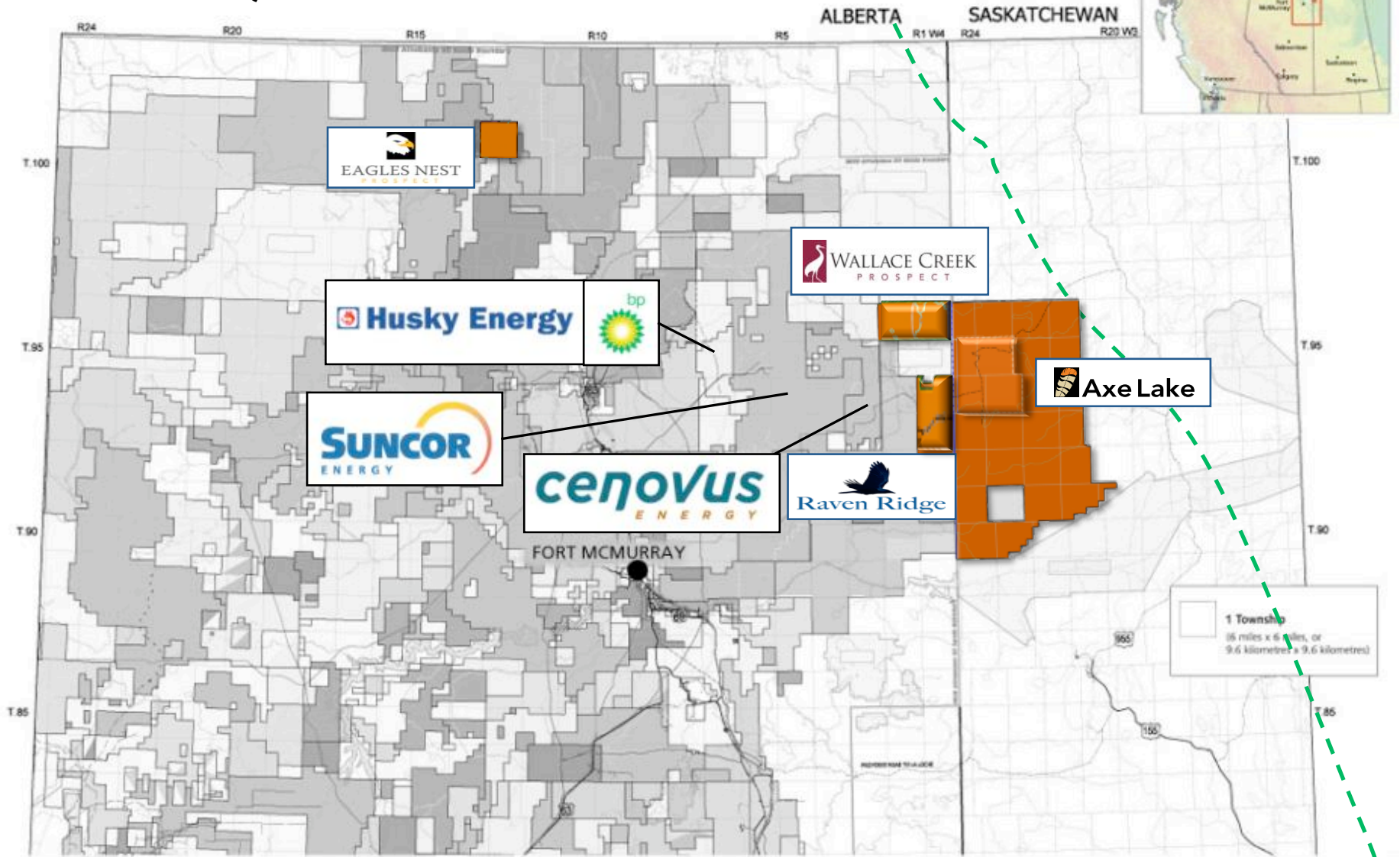
# Raven Ridge – Asset Summary




- Permits
  - 45,000 acres
  - Purchase Price: \$ 25.6 MM
  - Purchase Date: August 9, 2006 & March 21, 2007
  - Expire: August 10, 2011 & March 22, 2012
  - 26 sections qualified for lease conversion to licenses
- Activity
  - 48 core holes drilled
  - 400 miles of 3D & 2D seismic lines
- Resources
  - Areas to North and East with minimal top or bottom water and high bitumen saturation.
  - Extensive top and bottom water to west and south pose challenges for SAGD economics
- Cenovus (Borealis Project directly west of Raven Ridge) has potential solutions for reservoirs with top and bottom water – awaiting regulatory guidance



# Oilsands Quest Assets



 Oilsands Quest

Source: Divestco Geomatics

NYSE Amex: BQI

Map version June 24 2010

# Continued Market Interest in Oil Sands Assets

## Recent Transactions

- Total buys UTS
- Athabasca Oil Sands buys Excelsior
- Sale of Enerplus' Kirby project
- CPP investment in Laricina
- MEG Energy IPO
- Athabasca Oil Sands IPO
- PetroChina invests in Athabasca Oil Sands
- Sinopec buys ConocoPhillips stake in Syncrude
- Devon/BP transaction

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